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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Testimony of Acting Deputy Under Secretary of Agriculture J. Dawson Ahalt before the House Committee on Small Business, Subcommittee on Energy, Environment and Safety Issues Affecting Small Business, April 28.

Mr. Chairman and members of the Committee, I appreciate the opportunity to appear before you to discuss USDA's payment-in-kind (PIK) program and what we estimate will be its potential effect on rural areas.

Last fall, as worldwide demand continued to falter in the face of back-to-back record crops, it became obvious that bold and innovative steps were needed to deal with the situation. Secretary Block began meeting with commodity groups, agricultural leaders, the input supply industry and members of Congress to discuss the severity of the problem and to seek solutions. Out of these discussions, the idea of a large PIK program to reduce production and stocks clearly sparked the most interest. In fact, the more we discussed the idea, the more widespread the enthusiasm became.

The development and sign-up phases of the PIK program are now history. Sign-up exceeded our expectations. Roughly 81 percent of the base acreage of the five PIK commodities (plus barley and oats) was signed up in the PIK and other acreage reduction programs. About 82 million acres, or 1/3 of the base acreage may be taken out of production and put into conserving uses in 1983.

It should be noted, however, that this is the upper bound that may be removed from production. This is because of the 82 million acres—13 million are only in the acreage reduction and paid land diversion programs. In this case, producers have additional time to determine if they want to comply with the program. Market expectations and emerging weather patterns will be dominant factors influencing producers' decisions.

While substantially reduced plantings in 1983 point to a cutback in current year demand for agricultural inputs, the PIK program will maintain commodity supplies in the market. Thus, producers' cash

receipts can be maintained. And with reduced outlays, net returns will help improve farmers' financial positions which are crucial to set the stage for a future recovery in the agricultural input supply industry. I believe this is important.

Even with depressed conditions in agriculture, farmers in recent years have been spending over $140 billion on production inputs. These large production outlays in the face of depressed commodity prices have put many farmers in a tight financial situation. Moreover, even this level of purchases has not been able to keep a number of farm input manufacturers and dealers from experiencing hard times. Hence, something had to be done to brighten the future. The PIK program has already boosted farmers' spirits. I know some in the input industry are concerned. Others have taken positive steps to deal with the current setting.

As we look at the impact of this program, Mr. Chairman, I urge that we not lose sight of our long term objective. We need a sustainable economic recovery and we need a healthy agriculture. The two are obviously related. We believe the PIK program is a temporary step to help further the restoration of prosperity for our farmers. With that improvement will come better times for all industries involved in agriculture and rural America.

Effects on the Nonfarm Sector

With substantially fewer acres planted, current year demand for farm inputs will decline. Farmers will use less seed, fertilizer, fuel and pesticides and will need less operating capital. Farmers also will reduce use of farm equipment, thus extending its life and reducing the need for repairs.

It is important to note that the 1983 PIK program only allows voluntary reduced plantings of the major grains and cotton. Acreages of some other crops may expand, and haying and grazing have increased. Moreover, the improved cash flow positions that many farmers are likely to experience because of reduced production expenses and larger income should allow many operators to reduce debt or make capital purchases that they have delayed because of future prospects. Overall, total input use is expected to decline 5 to 7 percent in 1983.

Impacts on the input industry will be the most pronounced in the short-run and will vary from region to region. However, with the 1983 programs in place we expect the financial health of the farm sector as a whole to improve markedly.

Commodity prices have already increased significantly. As our export markets strengthen, coupled with a stronger domestic economy, input demand should improve. This is in marked contrast to excessive commodity stocks that have been overhanging markets and depressing prices for several years.

Fertilizer use this year is likely to decline by about 12 to 14 percent. With the industry already suffering from serious excess capacity due to slack demand, some additional production facilities—primarily ammonia plants—may close.

Since fertilizer prices are also likely to soften, the drop in fertilizer manufacturers' revenues will be greater than the decline in use. This effect will extend to fertilizer retailers, particularly in the major corn-producing areas, where the volume of business could drop off more sharply than in other areas.

The farm machinery industry has been under considerable financial stress in recent years due to the downturn in the farm economy, strong foreign competition, and high interest rates. The impact of the PIK program on farm machinery expenditures can be divided into two parts: 1) outlays for machinery, equipment, autos, and trucks; and 2) expenditures for parts, maintenance, and repair of existing equipment.

Farm machinery sales which totaled about $10 billion in 1982 are expected to be the least affected of all farm inputs by the PIK program. Farm machinery purchases as a result of reduced acreage are estimated to drop 2-3 percent. Further reductions in machinery sales and profits are of serious concern to the industry. However, since machinery sales are more closely related to farm income than plantings, improvements in income prospects resulting from the PIK program could possibly result in a slight increase in machinery sales.

Farm machinery sales have been dropping each year since 1979. However, unit prices have been rising throughout this period. Consequently, dollar volume has not dropped nearly as much as unit sales. Still, some machinery manufacturers are in financial difficulty.

The overall demand for maintenance, parts and repairs is expected to decrease by 12 to 15 percent with the expected decline in planted acreage. However, per acre costs for maintenance and repair tend to increase with reduced acreage because there are certain fixed costs incurred regardless of acres.

Use of pesticides is expected to drop 12 to 15 percent. Pesticide use dropped 3-5 percent in 1982 and was expected to drop about that much again in 1983 under the previously announced programs. Expenditures would be down slightly more because of an expected modest price decline due to the reduced demand. While crop production accounts for about 95 percent of all farm pesticide use, crops involved in the PIK program account for about two-thirds of all crop pesticide use.

The impact on the basic pesticide manufacturer will be negligible, as farm pesticides account for less than 10 percent of the total revenues of nearly all such producers. Thus, a drop in farm pesticide sales of 12-15 percent would result in a total sales decline of less than 1 percent for all pesticide producers. Pesticide distributors and dealers who specialize in farm chemicals will be more seriously affected. However, pesticides generally account for a small share of sales of farm input suppliers. Some custom applicators, particularly those servicing the cotton industry, may suffer a more substantial loss of business. In general, however, the long-term effects of the PIK program on any segment of the pesticide industry should be minimal.

These expectations for pesticide useage assume normal weather and pest infestation. Of all farm inputs, pesticide useage is most affected by unforeseen occurrences. For example, if the cool, wet conditions we have recently experienced continue in the Midwest, greater soil insect and weed infestations may occur and additional pesticide applications may be needed.

Seed producers and retailers, particularly those concentrating in the principal program crops of wheat, corn, sorghum, upland cotton and rice, will be more severely impacted because of the direct relationship between acreage planted and seed use. The PIK program could reduce overall expenditures for seed by as much as 12-15 percent. At maximum levels of participation, quantities of corn and wheat seed purchased by farmers could decline about 17 to 27 percent, while cotton seed purchases may be down about 20 percent and rice 25 percent.

Sorghum seed purchases could be down nearly 20 percent in 1983.

The market for hybrid corn seed is dominated by a small number of relatively large firms. These firms are likely to be able to withstand the potential reduction in demand as a result of the high level of PIK participation. There are several small seed corn producers, however, who were in financial difficulty before this year and are likely to experience further financial losses as a result of PIK. The greatest impact on seed sales will be in the western fringe of the Corn Belt where participation was high.

Producers of grass and legume seeds, on the other hand, are already experiencing a surge in demand and substantial price increases, because these seeds will be used for cover crops on the sharply expanded conservation use acreage. Some regional shortages of these seeds have been experienced.

Energy use is expected to decline by 8-10 percent. Liquid fuel use will fall by more - about 25-30 percent. Except for those cases where farmers are the primary clientele and program commodities are the primary farm enterprises, lower fuel use will have little effect on wholesale suppliers or retailers.

Despite reduced production, the PIK program is expected to improve the cash flow position of many farmers in 1983 and 1984 and, in turn, reduce their credit needs and outstanding debt. Operating credit needs during 1983 are expected to decline by $2.5-$3 billion due to the PIK-related reduction in input expenses. This decline is expected to be mostly for short-term borrowing rather than for intermediate or longterm credit.

An additional reduction in demand for operating credit can be expected as a result of the added capital available to farmers from direct program payments made in 1983. Direct payments to farmers will also permit them to reduce outstanding debt, improve liquidity, and replace depreciated capital items toward the end of the season.

The employment effects of PIK will be negligible due to the capital intensity of most input industries. But some regional or local impacts on employment and economic activity in the food- and fiber-processing and distribution system could be greater. At the local level, for instance, cotton-ginning firms and rice-milling firms could face a 20 to 25 percent decline in the demand for their services.

Firms and individuals that will face significant declines in demand for their services include those that retail or transport inputs; apply fertilizers, lime, pesticides, and other chemicals; service farm machinery and equipment; and provide custom farm services.

As a whole, warehouses and elevators that handle PIK commodities generally are not expected to experience a significant decline in volume of business during the 1983 crop year as a result of the PIK program. Since payment-in-kind commodities can not be entered into the regular or reserve loan programs, free stocks of commodities will be considerably larger than last year at harvest time. This will foster the handling and merchandizing of grain by warehouses and elevators.

Also, additional business activity will be generated by the disbursement of PIK commodities to program participants. The CCC is relying heavily on industry warehouses and elevators to help with this phase of the PIK program, which is no small task.

PIK could affect possibly 2-3 percent of employment in closely related industries. Not all the workers affected will lose their jobs; some will face shorter work weeks or temporary layoffs, and some may face longer-term unemployment.

As the $3 billion of added farm income generated by PIK works its way through the farm and nonfarm economy in late 1983 and through 1984, some additional jobs will be created to partially offset the effect of PIK. Already crop prices have improved significantly since announcing the PIK program and and the general outlook in the farm community is brighter.

On the other hand, some increase in demand for both truck and rail transportation is expected from larger than normal feed shipments into deficit areas. Corn and sorghum movements may be greatest into feed deficit regions (Appalachian, Mountain, and Northeast). The PIK program may also influence grain flows within major producing regions, resulting in an increase of shorthaul truck transportation.

Thank you. I would be happy now to answer any PIK or other questions you might have.

Table 1. Reduction in input use as a result of the 1983 PIK program

Input	Seed	Fertilizer	Pesticides	Fuel	Machinery purchases	Machinery repairs
			Percent			
Corn & Sorghum	25-27	25-27	25-27	25-27	2-3	20-22
Wheat	17-20	18-20	17-20	18-20	1-2	12-15
Cotton	18-20	17-19	18-20	19-20	2-3	15-17
Rice	25-28	20-21	25-28	20-21	2-3	24-26
Five Crops	22-23	22-24	20-22	24-25	2-3	17-18
Total	12-15	12-14	12-15	8-10	2-3	12-15

Table 2. Selected Agricultural production expenditures with and without the 1983 PIK program

Item	Without PIK	With PIK
	Billion dollars	
Expenditure:		
Seed	4.0	3.4
Fertilizer	8.9	7.6
Pesticides	4.0	3.5
Fuel	9.3	8.3
Farm machinery		
purchases	10.1	9.9
repairs	9.6	8.3
Total	45.9	41.0

Table 3. Potential, fulltime equivalent jobs lost due to the PIK program

Sector	Potential jobs lost: Number	Percent of sector employment[5]
Input manufacturing[1]	3,400	2.1
Other manufacturing[2]	12,600	.1
Agricultural service	7,000	2.8
Trade and transportation[3]	13,000	.1
Other services[4]	14,000	.1
Total	50,000	.1

[1]Fertilizer, pesticides, and petroleum refineries.

[2]All other manufacturing, mining, and forestry.

[3]Wholesale and retail trade and all modes of transportation.

[4]Contract construction, communication, public utilities, finance, insurance, and real estate; and services.

[5]Not comparable to unemployment rate which is a share of total civilian employment which includes farm and government workers. Total employment here, based on 1979 County Business Pattern data, excludes these groups.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

USDA ACQUIRES 1.1 BILLION BUSHELS OF GRAIN FOR PIK PROGRAM

WASHINGTON, April 22—The U.S. Department of Agriculture today announced it had arranged to acquire approximately 735 million bushels of corn, 145 million bushels (81 million hundredweight) of sorghum and 210 million bushels of wheat to satisfy payment-in-kind (PIK) program needs.

On March 29, USDA invited farmers with these commodities under Commodity Credit Corporation loan to submit bids during the period April 4-15.

Deputy Secretary of Agriculture Richard E. Lyng said USDA accepted all bids which did not request more than 20 percent of compensation in like grain.

In addition, he said, for 1981 and older crops of wheat, bids between 20 and 25 percent were accepted to help meet program needs. Since reserve entry price levels for these crops of wheat were significantly lower than the current level, the higher percent of compensation paid is cost-effective, Lyng said.

Farmers offered approximately 1 billion bushels of corn, 205 million bushels (115 million hundredweight) of sorghum and 340 million bushels of wheat, Lyng said.

"We accepted sufficient quantities of corn and sorghum to meet our expected needs," Lyng said, "but an insufficient amount of wheat."

"USDA will exercise its previously announced option of requiring some wheat producers to obtain CCC loans on their 1983-crop wheat to satisfy the remainder of its PIK program needs."

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USDA RAISES SALE EXEMPTION FOR MEAT PRODUCTS

WASHINGTON, April 25—The U.S. Department of Agriculture today increased the dollar value of meat products retailers can sell to hotels, restaurants and similar "nonhousehold" consumers without federal inspection.

"The limit on a retailer's annual sales to institutional consumers will increase from $28,800 to $30,200 for meat while poultry will remain at $23,100," said Donald L. Houston, administrator of USDA's Food Safety and Inspection Service.

Under federal law, retail meat and poultry merchants are exempt from federal inspection if their total dollar sales and the percentage of those sales to institutional customers do not exceed certain limits.

Each year, the retail sales limit is automatically adjusted if the consumer price index fluctuates at least $500, upward or downward, for meat and poultry products. The percentage of meat and poultry sales to "nonhousehold" institutional customers may not exceed 25 percent of a retailer's total annual sales.

Houston said data published by the U.S. Department of Labor's Bureau of Labor Statistics for 1982 indicate a price increase of 4.8 percent in meat products and a decrease of 1.8 percent in poultry products. The price for meat products increased about $1,400—well above the $500 figure—and the price for poultry products decreased by $400.

Notice of the new limits is scheduled to be published in the April 26 Federal Register, available in many public libraries.

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USDA TO CONFIRM INSURED ACREAGE, PLANTING DATES

WASHINGTON, April 25—Acreage and planting dates on a majority of farms insured by the U.S. Department of Agriculture's crop insurance agency will be verified by personal visits shortly after spring plantings.

"The corporation is concerned that all producers may not realize the importance of the planting dates established in the insurance policy," said Merritt W. Sprague, manager of the USDA's Federal Crop Insurance Corporation.

"These dates," he said, "determine the approximate premium cost and liablilty of coverage guarantees for individual insured producers."

Sprague said a major portion of insured farmers who had policies in force prior to the 1983 crop year, as well as first-year customers, will be contacted by field representatives of the agency to establish and verify that acreage is planted in a timely manner and in compliance with the agency's policy provisions.

Without the inspections, he said, the corporation probably would experience a high loss ratio on crops not planted in agreement with the rules. The inspections also will assure that claims are paid in compliance with the contract, as well as recommended farming practices for each area and crop.

A special task force of trained crop adjusters will carry out the inspections in all parts of the country.

Sprague said the new service replaces the traditional random spot check of producers, which has resulted in a high level of indemnities paid by the corporation in the past year. He urged policy holders with questions about their policies to contact their service agents.

#

GRIZZLY BEAR'S SURVIVAL IS FOCUS OF NEW COMMITTEE

WASHINGTON, April 26—Agreement has been reached on a new effort to insure the survival of the nation's grizzly bears, John B. Crowell, Jr., assistant secretary for environment and natural resources at the U.S. Department of Agriculture, announced today.

The agreement, signed jointly by Crowell and Ray Arnett, assistant secretary for fish and wildlife and parks of the U.S. Department of the Interior, establishes the Interagency Grizzly Bear Committee.

The grizzly bear is listed as a threatened species in the 48 conterminous states, where it is estimated that there are fewer than 1,000 in existence.

The eight-member committee will be composed of the northern, rocky mountain and intermountain regional foresters from USDA's Forest Service along with representatives from the Fish and Wildlife Service, National Park Service, and the states of Idaho, Montana and Wyoming.

Crowell said the apparent need to expand the effort to protect the grizzly bear resulted in the creation of the new committee. It replaces the previous Grizzly Bear Steering Committee, activities of which were focused primarily on the Yellowstone ecosystem.

"Creation of the Interagency Grizzly Bear Committee is a significant step in insuring that this magnificent animal continues to serve as part of our natural heritage," Crowell said. "The committee's efforts will focus on conducting the grizzly bear recovery effort in the most efficient manner possible."

The committee will be responsible for implementing state and federal efforts designed to encourage the recovery of the grizzly bear population. It also will direct research on the animal and make recommendations to governors concerning efforts to protect grizzly bears.

Crowell said creation of the committee is an outstanding example of state and federal cooperation.

"This cooperation is essential for the grizzly bear's survival," he said. Crowell said the committee's efforts will include the grizzly bear's range in the Cabinet-Yaak and northern ecosystems of Montana and Idaho as well as the Yellowstone ecosystem in Wyoming.

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PLOWLESS FARMING ANCHORS SOIL AGAINST EROSION EVEN IN 50-YEAR 'RAINSTORMS'

SIDNEY, Nebr., April 26—Artificial rainfalls are helping researchers find ways to save croplands from losing soil to erosion, even in rainstorms so severe they come only once every 50 years.

A research team in Nebraska, Iowa and Colorado is using a rainfall simulator mounted on a rotating boom to unleash downpours on miniature "wheatfields" here to see which tillage methods can thwart soil losses to storms and water runoff, a U.S. Department of Agriculture researcher said.

The rainfall simulator can duplicate severe-to-light natural rainfalls as well as produce droplets of different sizes and velocities, said agricultural engineer John M. Laflen of USDA's Agricultural Research Service. Laflen is based in Ames, Iowa.

An experimental storm delivering rainfall at the rate of 3 inches in about an hour—a storm of once in every 50 years intensity—washed away a scant 20 pounds of topsoil per acre annually from a wheatfield protected by "plowless farming" technology, Laflen said.

Soil in that field was protected by a no-tillage system, with the wheat planted directly into crop residue left on unplowed ground.

"A soil loss rate of 20 pounds per acre annually is incredibly low," Laflan said. "In fact, it would take almost 15,000 years to erode a one-inch layer of soil."

Another way to view that low rate of soil erosion is to compare it with "T Level," the soil conservationist's shorthand for tolerable soil loss level.

At T level, the natural rebuilding of soil equals losses to erosion, thereby permitting production of crops indefinitely.

A tolerable level of soil loss for most wheat-growing areas of the Great Plains, where this research is underway, is three tons per acre annually. A fourth of U.S. land is losing five or more tons of soil per acre annually.

No-till is one of the alternate tillage methods Laflen and his colleagues are testing to find the best ways of reducing the nation's soil losses.

Cooperating with Laflen in this research are soil conservation engineer Elbert C. Dickey and agronomist C. R. Fenster of the University of Nebraska and agricultural engineer Rome H. Mickelson of USDA's Central Great Plains Research Station, Akron, Colo.

Contour plowing and stubble-mulch tillage also reduced soil losses in the experiments, but not as effectively as the no-till system.

The researchers found that plots plowed on the contour lost about 3,100 pounds of soil per acre, compared with 300 pounds on plots that were stubble-mulch tilled. Plots plowed up and down the slope, on the other hand, lost 13,600 pounds or 6.8 tons of soil per acre.

The tests were made on wheatland with a slope of 4 percent. Water was applied four times during the course of the growing and fallow seasons and both soil and water losses were measured.

"Water-catching differences were striking," Dickey said. "Nearly twice as much water was lost as runoff from plowing up and down the slope as from any tillage method we tested. In fact, over half the water applied ran off the test plots that were plowed up and down the slope."

No-till, however, effectively captured water for crop use, regardless of whether the field was flat or sloped. For example, of the total 12 inches of water applied in the four treatments, runoff from up-and-down-slope plowing was 6.3 inches, but only 1.0 inch from up-and-down-slope no-till.

"Results of this study clearly show that no-till controls erosion and saves water, even on the long slopes so common to wheat producing areas of the Great Plains," Laflen said.

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NEW EXOTIC NEWCASTLE OUTBREAKS FOUND IN PARROTS

WASHINGTON, April 27—Following an outbreak of exotic Newcastle disease in baby yellow-naped Amazon parrots at a Rosedale, N.Y., holding facility, U.S. Department of Agriculture veterinarians have found the disease in parrots in California, Nevada and Kentucky.

Dr. W.W. Buisch, a veterinarian with USDA's Animal and Plant Health Inspection Service, said the disease was confirmed in parrots belonging to Mendocino Farms, the Santa Rose, Calif., wholesale dealer who had sold the birds later found to be infected in New York.

Buisch said Mendocino Farms had made shipments to eight states and 11 locations in California since acquiring apparently infected baby yellow-naped Amazon parrots March 8. USDA veterinarians have also

confirmed the disease in a shipment to Fremont, Calif., and another to Highland Heights, Ky.

"Our veterinarians are checking every location that has received birds from Mendocino Farms, as well as possible secondary exposures," Buisch said.

USDA veterinarians have confirmed four additional cases of exotic Newcastle disease in California and two in Nevada. These cases are not related to the other outbreaks, except that all infected birds have been baby yellow-naped Amazon parrots.

"These additional cases involved parrots that were bought through newspaper ads and we suspect they were illegally imported," Buisch said. "The owners took the sick birds to their veterinarians, who sent swab samples to diagnostic laboratories."

USDA veterinarians also found exotic Newcastle disease in illegally imported birds that had been seized by federal officials in San Diego, Porterville and Riverside, Calif.

In addition, USDA has confirmed the disease in fighting gamecocks in Laredo, Texas. All 54 gamecocks on four premises were destroyed.

"These premises appear to be all that are involved," Buisch said, "however, we're continuing surveillance in the Laredo area."

Infected birds are destroyed to eliminate the disease. USDA pays owners indemnities, except in the case of birds seized for illegal entry or birds found infected while still in port-of-entry quarantine.

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USDA TO DISTRIBUTE ADDITIONAL SURPLUS FOOD

WASHINGTON, April 27—Secretary of Agriculture John R. Block today announced plans for the U.S. Department of Agriculture to increase its distributions of surplus food to the needy.

This action, which will add new commodities to USDA's distribution of surplus dairy products, results from a request made by President Reagan on March 21 that USDA review the feasibility of processing and distributing additional government-owned commodities. The new distribution was authorized by the Jobs Bill.

Besides surplus dairy products, USDA will provide rice, flour, honey and corn meal, Block said. Each state's share of these commodities will be based on the number of unemployed and the number of people below the poverty level in each state.

Commodities and approximate monthly distribution levels will be: cheese, 25-35 million pounds; butter, 10 million pounds; corn meal, 2 million pounds; rice, 2 million pounds; nonfat dry milk, 5 million pounds; and flour, 5 million pounds. Distribution for honey has not been determined.

The above levels are in addition to the amounts provided free to schools and other charitable institutions for congregate feeding.

USDA will also provide $75 million of perishable commodities for use in cooperative emergency feeding facilities for indigent people, and $50 million will be available to states to defray storage and distribution costs. At least $10 million of that $50 million will be passed through to local agencies that provide emergency food assistance.

Cheese distribution began in December 1981. Since then, states have received about 300 million pounds, averaging 19 million pounds monthly.

"We will stabilize the cheese distribution at 25-35 million pounds per month to avoid significant impact on commercial sales, and yet guarantee adequate supply for needy citizens," Block said.

Distribution of 25-35 million pounds per month will provide the equivalent of more than 11 pounds of cheese a year for every person below the poverty level. This is double their average consumption of process cheese.

"When viewed in combination with other commodities we are making available, plus our other food assistance programs, 11 pounds of cheese is a useful supplement," Block said. He said USDA's other food assistance programs cost over $17.5 billion per year and subsidize over 95 million meals each day.

#

WHEAT INDUSTRY COUNCIL BUDGET FOR 1984 IS $900,000

WASHINGTON, April 27—The Wheat Industry Council budget for a nationally coordinated wheat and wheat foods research and nutrition education program will be $900,000 in 1984, a U.S. Department of Agriculture official said today.

Thomas H. Porter, an official of USDA's Agricultural Marketing Service, said the budget, which runs from July 1 through June 30 of next year, includes funds for a consumer nutrition education program to tell the public about the nutritional value of foods containing wheat. The program will feature national and regional spokespersons.

Porter said the program is financed with funds collected by assessing manufacturers of wheat end products. The 1983 budget was $700,000.

Assessments of 1 cent per hundredweight—45 kilograms—of wheat bought by end product manufacturers began to accrue June 1, 1981. Manufacturers can receive refunds of assessments paid during the coming year if they reserve the option to request the refund within 60 days of publication of the council's budget in the Federal Register.

The budget is scheduled to be published in the April 29 Federal Register. Requests to reserve the option for a refund must be made by notifying the council by registered or certified mail. Council offices are located at 6000 Executive Blvd., Suite 203, Rockville, Md., 20852.

Porter said the program was authorized under the Wheat and Wheat Foods Research and Nutrition Act and is conducted according to an order approved by wheat end product manufacturers in March 1980. The Wheat Industry Council prepares the budget and administers the program.

#

USDA REMOVES CZECHOSLOVAKIA FROM LIST OF ELIGIBLE EXPORTERS

WASHINGTON, April 28—As a followup to earlier action halting acceptance of imports from Czechoslovakia's three meat processing plants, the U.S. Department of Agriculture has formally removed the country from the list of eligible exporters to the United States.

"We are taking this action because the Czechoslovakian meat inspection system has been unable to control PCB residues in canned hams despite repeated notification by USDA," said Donald L. Houston, administrator of USDA's Food Safety and Inspection Service.

On April 8, USDA announced it would no longer accept product from the three Czechoslovakian processing plants approved to export to the United States because they contained PCB—polychlorinated biphenyl—residues. Canned hams, which arrived in March, were refused entry at the port and did not reach consumer channels, according to Houston.

Under the Federal Meat Inspection Act, only those countries which have meat inspection systems at least equal to the U.S. system are permitted to ship meat to the United States. Individual plants within an eligible country must also be certified as eligible to export. A foreign country may be removed from the list of eligible exporters when it has been determined that its meat inspection system does not meet U.S. standards.

"Eligibility will be restored as soon as the Czechoslovakian government corrects the problem," Houston said.

In 1982, the United States imported approximately 3.36 million pounds of canned hams from Czechoslovakia—less than one percent of the almost 2 billion pounds of meat imported last year.

Notice of the action will appear in the April 29 Federal Register. USDA has determined that public health and safety require it to be issued as an emergency final rule effective immediately.

#

HAWKINS NAMED ADMINISTRATOR OF USDA'S ANIMAL AND PLANT HEALTH INSPECTION SERVICE

WASHINGTON, April 28—Secretary of Agriculture John R. Block has named Bert Hawkins of Ontario, Ore., as administrator of the U.S. Department of Agriculture's Animal and Plant Health Inspection Service, effective May 1.

Hawkins replaces Harry C. Mussman, who resigned to enter private industry Jan. 31.

A native of Orland, Calif., Hawkins moved to Oregon in 1934 where he attended the Ontario, Ore., school system and Oregon State University. He served as a pilot in the U.S. Air Force during World War II and is a retired reserve Lt. Colonel. Following the war, he owned and operated an airport in Dunsmuir, Calif.

He began ranching in Oregon with 250 head of cattle in 1947. The ranch is now a 2,000-head operation, which includes a feed lot and farming enterprises. His wife, Helen, sons Rand and Craig, and daughter Gayle now operate the ranch.

Hawkins was president of the U.S. Animal Health Association in 1980; president of the Oregon Cattlemen's Association in 1966-67; and is a member of the Secretary of Agriculture's Advisory Committee on Foreign and Exotic Diseases.

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USDA RELEASES COST OF FOOD AT HOME FOR MARCH 1983

WASHINGTON, April 28—The U.S. Department of Agriculture today released its monthly update of the weekly cost of food at home for March 1983.

USDA's Human Nutrition Information Service computes the cost of food at home for four food plans—thrifty, low-cost, moderate-cost and liberal.

Isabel Wolf, acting administrator of the Human Nutrition Information Service, said the plans consist of foods that provide well-balanced meals and snacks for a week.

USDA assumes all food is bought at the store and prepared at home. Costs do not include alcoholic beverages, pet food, soap, cigarettes, paper goods and other nonfood items bought at the store.

"USDA costs are only guides to spending," Wolf said. "Families may spend more or less, depending on such factors as where they buy their food, how carefully they plan and buy, whether some food is produced at home, what foods the family likes and how much food is prepared at home.

"Most families will find the moderate-cost or low-cost plan suitable," she said. "The thrifty plan, which USDA uses to set the coupon allotment in the food stamp program, is for families with less money for food. Families with unlimited resources might use the liberal plan."

Details of the four food plans are described in Home and Garden Bulletin No. 94, "Family Food Budgeting. . .for Good Meals and Good Nutrition," which may be purchased for $2.50 each from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Cost of Food at Home for a Week in March 1983

	Plans			
	Thrifty	Low-cost	Moderate cost	Liberal
Families:				
Family of 2 (20-54 years)	$34.30	$44.30	$55.50	$66.60
Family of 2 (55 years and over)	30.90	39.60	49.20	58.50
Family of 4 with preschool children	48.70	62.20	77.60	92.80
Family of 4 with elementary school children	58.70	75.20	94.30	112.90
Individuals in four-person families:				
Children:				
1-2 years	7.90	10.00	12.30	14.60
3-5 years	9.60	11.90	14.80	17.70
6-8 years	12.20	15.50	19.40	23.30
9-11 years	15.30	19.40	24.40	29.10

Cost of Food at Home for a Week in March 1983—*continued*

	Plans			
	Thrifty	Low-cost	Moderate cost	Liberal
Individuals in four-person families:				
Females:				
12-19 years	14.50	18.40	22.80	27.20
20-54 years	14.00	18.00	22.40	26.70
55 and over	12.80	16.30	20.20	23.90
Males:				
12-14 years	16.30	20.60	25.80	30.80
20-54 years	17.20	22.30	28.10	33.80
55 and over	15.30	19.70	24.50	29.30

To Estimate Your Food Costs:

— For members eating all meals at home—or carried from home—use the amounts shown.

— For members eating some meals out, deduct 5 percent from the amount shown for each meal not eaten at home. Thus, for a person eating lunch out five days a week, subtract 25 percent, or one-fourth the cost shown.

— For guests, add 5 percent of the amount shown for the proper age group for each meal.

Costs in the second part of the chart are for individuals in four-person families. If your family has more or less than four, total the "individual" figures and make these adjustments, because larger families tend to buy and use food more economically than smaller ones:

— For a one-person family, add 20 percent.
— For a two-person family, add 10 percent.
— For a three-person family, add 5 percent.
— For a family of five or six persons, subtract 5 percent.
— For a family of seven or more, subtract 10 percent.

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Backgrounder

U.S. Department of Agriculture • Office of Governmental and Public Affairs

RURAL ELECTRIC AND TELEPHONE SERVICES AND THE REA

The Rural Electric Administration is a credit agency of the U.S. Department of Agriculture which assists rural electric and telephone organizations in financing electric and telephone service in rural areas.

Financial assistance may include (a) loans from REA, (b) guarantees of loans made by others, and (c) REA approval of security arrangements which permit the borrower to obtain financing from other lenders without a guarantee.

REA electric loans are made to non-profit and cooperative associations, public bodies and other electric utilities for the construction and operation of distribution lines or systems to provide both initial and continuing adequate electric service to rural areas. About 99 percent of the REA-financed electric systems are cooperatives, owned and controlled by their consumer-members.

REA-financed distribution systems typically buy their power wholesale from existing suppliers and deliver it retail to their consumers. Loans and loan guarantees for the initial construction of generation and related transmission facilities are made where no adequate or dependable source of power is available or where the rates offered by existing power sources are significantly higher than the rates from facilities to be financed by REA. Subsequent loans are considered where the proposed additional facilities constitute the most effective and economical arrangement for meeting the increasing power needs of the consumers.

REA telephone loans are made to companies, public bodies and cooperative non-profit, limited dividend or mutual associations to improve and extend telephone service in rural areas. About two-thirds of the telephone systems financed by REA are commercial companies and about one-third are subscriber-owned cooperatives, mutual associations or public bodies.

To assist in obtaining financing for large-scale electric and telephone facilities from non-REA sources, REA also guarantees loans. Guarantees are considered if such loans could have been made by REA

under the Act. They are sometimes made concurrently with an REA loan. Guaranteed loans bear interest at a rate agreed upon by the borrower and the lender and may be obtained from any legally organized lending agency qualified to make, hold and service the loan. Most of these loans are obtained from the Federal Financing Bank, which is an agency of the U.S. Treasury.

During Calendar Year 1981, REA-financed rural distribution systems added nearly 250,000 new consumers. REA-financed rural telephone systems added over 112,000 new subscribers.

The agency also provided engineering and management to its borrowers. Loans are repaid from the operating revenues of the systems REA finances.

REA is working toward greater security and independence for its borrowers, helping them to graduate to increased non-government financing.

Electric power and telephone communications encourage industrial and economic development in rural areas. These essential services improve the quality of life for the people who live, work or do business throughout rural America.

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